



October 13, 2010

Mr. John Chidsey
Public Works Director
City of Hallandale
630 N.W. 2nd Street
Hallandale Beach, Florida 33009

**Re: Short-Term Disposal Recommendations
KCI Project #: 121-00.00**

Dear Mr. Chidsey:

Provided within are the short-term disposal and processing options Kessler Consulting, Inc. (KCI) has identified for the City of Hallandale Beach (City). These options are based on our analysis of City-provided data, discussions with City staff, local market research, and industry knowledge. It is estimated that the City can reduce its transportation and disposal costs by more than \$50,000 per month by redirecting their municipal solid waste (MSW) and residential single stream recyclables to local disposal and processing facilities on a short-term basis, during which time a long-term procurement initiative can be undertaken.

Background

The City's Sanitation Services Division currently hauls, on average, 1,800 tons per month of MSW and 100 tons per month of recyclables to Waste Management's Reuter transfer and recyclables processing facility in Pembroke Pines, Florida. From there, waste is transferred to a landfill for disposal and single stream recyclables are processed for market. Effective October 1, 2010, disposal fees are \$75.41 per ton and recyclables are tipped for \$0.00 tip fee/rebate. The Pembroke Pines facility is a 52 mile, 120 minute round trip, for each collection vehicle. Based on data provided by the City, KCI estimates the City transportation cost to operate their collection vehicles is \$76.93 per hour. The City tasked KCI with identifying locally available disposal and processing options in an effort to provide financial relief from the high cost of transporting materials to Pembroke Pines, as the City develops a long-term plan.

As part of its analysis, KCI contacted Waste Management (WM) to discuss their willingness to negotiate its current pricing for transfer and disposal and recyclable processing with the City. WM declined and would only discuss price changes associated with long-term commitments. Shortly thereafter, WM notified the City of a price increase for its transfer and disposal service.

Short-Term Options

KCI's analysis included a review of all currently available disposal and processing options for the local Hallandale Beach market on a short-term basis. The following options are the result of KCI's analysis of City-provided data and area specific disposal and processing research:

Choice Recycling Services of Broward, Inc. (Choice) – There are limited short-term MSW disposal and single stream processing options available in or around the Hallandale Beach area. Choice was identified as the only local option currently available to the City for MSW disposal. Choice has offered and is able to accept MSW and single stream recyclables via a short-term (6-12 month) agreement. Choice is willing to accept all City delivered MSW for \$62.50 per ton and single stream recyclables for \$0.00 tip fee/rebate. The Choice transfer station is located at 1899 Southwest 31st Avenue, Pembroke Park, Florida 33009, which is an estimated 16 minute round trip from City operations.

Additionally, Choice will pay the City a \$7.00 per ton host fee for all private hauler MSW tons received on behalf of, and generated from within, the City. Choice has proposed charging third party haulers \$72.00 per ton for tons collected within the City. Like the City's own operation, private haulers will recognize a transportation savings by tipping waste closer to the point of generation, and will save \$3.41 per ton disposal (\$1,639.22 per month) as compared to WM.

KCI has verified with the Florida Department of Environmental Protection and Broward County's Pollution Prevention, Remediation and Air Quality Division that Choice has the necessary permits in place to accept MSW immediately. The permit restricts total daily capacity to 600 tons. A copy of Choice's Solid Waste Management License and Letter of Commitment for Disposal from Waste Services, Inc. is included in the attachments. Tables 1, 2, and 3 illustrate these individual savings calculations: the diversion of MSW to Choice, the diversion of single stream to Choice, and the total projected host fee revenues.

Table 1: Estimated MSW Savings with Choice

Site	Miles	RoundTrip Minutes	Tons/Month	Trips/Month	Cost/Hr ¹	Tip Fee	Transportation Savings	Disposal Savings	Estimated Monthly Savings	Estimated Savings/Ton
WM Reuter	52	120	1833.3	172.1	\$ 76.93	\$ 75.41				
Choice	3	16	1833.3	172.1	\$ 76.93	\$ 62.50				
Difference:	-49	-104	1833.3	172.1	\$ 76.93	\$(12.91)	\$ (22,888.17)	\$ (23,667.90)	\$ (46,556.07)	\$ (25.39)

¹ Does not include administrative or interfund transfers

Table 2: Estimated Single Stream Savings with Choice

Site	Miles	RoundTrip Minutes	Tons/Month	Trips/Month	Cost/Hr ¹	Rebate	Transportation Savings	Rebate Savings	Estimated Monthly Savings	Estimated Savings/Ton
WM Reuter	52	120	100	17.3	\$ 76.93	\$ -				
Choice	3	16	100	17.3	\$ 76.93	\$ -				
Difference:	-49	-104	100	17.3	\$ 76.93	\$ -	\$ (2,304.79)	\$ -	\$ (2,304.79)	\$ (23.05)

¹ Does not include administrative or interfund transfers

Table 3: Projected Revenue from the Choice Host Fee for Private Hauler Tons

	Avg. Monthly Tonnage	Host Fee to City Per Ton	Projected Monthly Revenue
Host Fee (Choice)	480.71	\$ (7.00)	\$ (3,364.97)
Projected Annual Revenue:			\$ (40,379.64)

Envirocycle – As with MSW, single stream processing options are also limited in the local market. In addition to Choice, Envirocycle was identified as another locally available single stream processing option. Both are open to accepting the City’s single stream via a short-term (6-12 month) agreement for \$0.00 tip fee/rebate. However, Envirocycle’s offer is contingent upon also receiving the City’s yard waste material at \$49.98 per ton. Envirocycle’s acceptance facility is located at 849 Southwest 21st Terrace, Fort Lauderdale, Florida 33312, which is an estimated 49 minute round trip from City operations.

Both Choice and Envirocycle are offering to accept single stream recyclables at their local transfer stations. This would require further transport of materials to an end processor, which would be provided by, and paid for by, each contractor. Currently the City is incurring the cost of that transportation by direct hauling recyclables to the WM Reuter facility in Pembroke Pines. This would alleviate the City of this financial burden.

Yard Waste – As a result of the City reinstating its residential automated yard waste collection program, an additional 400 tons per year will be delivered to the City’s yard waste processing contractor, SWS/Sun Recycling (SWS/Sun). The SWS/Sun facility is located at 3251 Southwest 26th Terrace, Dania Beach, Florida 33312, which is an estimated 45 minute round trip from City operations. Table 4 illustrates the potential savings by this material being diverted from the WM Reuter facility and sent instead to SWS/Sun’s facility.

Table 4: Estimated Savings by Reinstating Residential Automated Yard Waste Collection

Site	Miles	RoundTrip Minutes	Tons/Month ¹	Trips/Month	Cost/Hr ²	Processing Fee ³	Transportation Savings	Processing/ Disposal Savings	Estimated Monthly Savings	Estimated Savings/ Ton
WM Reuter	52	120	33.3	4.2	\$ 76.93	\$ 75.41				
SWS/Sun	16	45	33.3	4.2	\$ 76.93	\$ 29.50				
Difference:	-36	-75	33.3	4.2	\$ 76.93	\$ (45.91)	\$ (401.71)	\$ (1,528.80)	\$ (1,930.51)	\$ (57.97)

¹ Estimated 400 tons/year yard waste as provided by City

² Does not include administrative or interfund transfers

³ SWS yard waste price is current rate as of 10/1/2010

Savings Summary – Table 5 illustrates the total monthly impact if the best of all options analyzed are implemented. They include MSW disposal and single stream processing shifting from WM Reuter to Choice; the host fee to be paid by Choice for private hauler tons and the increased diversion of yard waste from the automated yard waste collection program.

Table 5: Total Estimated Savings

	Per Ton	Monthly Total
MSW Disposal (Choice)	\$ (25.39)	\$ (46,556.07)
Single Stream (Choice)	\$ (23.05)	\$ (2,304.79)
Yard Waste (SWS/Sun)	\$ (57.97)	\$ (1,930.51)
MSW Host Fee (Choice)	\$ (7.00)	\$ (3,364.97)
Total Monthly Savings:		\$ (54,156.34)

Long-Term Solutions

Ultimately, in order for the City to secure long-term disposal and processing contracts at sustainable prices, KCI recommends that the City begin the process of developing a request for bid or proposal (RFQ/RFP) document through a competitive procurement.

The short-term options outlined above have the ability to provide the City with immediate financial relief or the ability to provide additional services without an increase to operating costs.

We look forward to discussing these short-term options and long-term solutions with the City. Please do not hesitate to contact me if you have any questions.

Sincerely,



Don Ross
Project Manager